

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CIAE-00 COME-00 INR-10

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FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 1190

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E.O. 11652: N/A

TAGS: ETRD, BL

SUBJ: BOLIVIAN COTTON

REF: STATE 200108

1. EMBASSY RECEIVED OCTOBER 9 MINFON NOTE DGAE-B/1378/67 DATED OCTOBER 3 IN REPLY TO OUR NOTE 223 OF AUGUST 24. TEXT OF GOB NOTE FOLLOWS.

2. "THE MINISTRY OF EXTERNAL RELATIONS AND WORSHIP PRESENTS ITS COMPLIMENTS TO THE HONORABLE EMBASSY OF THE UNITED STATES OF AMERICA AND HAS THE HONOR TO REFER TO ITS NOTE VERBAL NO. 223 OF AUGUST 24 OF THIS YEAR IN REGARD TO THE PROMULGATION OF SUPREME DECREE NO. 11016 WHICH FIXES A MINIMUM PRICE OF \$US 56.00 FOR COTTON EXPORTS

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"THE MINISTRY OF EXTERNAL RELATIONS AND WORSHIP CONSIDERS IT NECESSARY TO EMPHASIZE CERTAIN ASPECTS OF THIS MATTER WHICH WERE TAKEN INTO ACCOUNT ON THE OCCASION OF THE PROMULGATION OF SAID SUPREME DECREE:

"PRESENT CONDITIONS WHICH THE INTERNATIONAL COTTON MARKET IS FACING, AS WELL AS A LARGE PORTION OF AGRICULTURAL PRODUCTS, HAS OBLIGED NOT ONLY BOLIVIA BUT MANY OTHER COUNTRIES--AMONG WHICH IS INCLUDED THE UNITED STATES OF AMERICA--TO ADOPT PROTECTIONIST MEASURES

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WITH RESPECT TO THESE PRODUCTS.

"AT THE SAME TIME, IT IS FITTING TO NOTE THAT MR. ERNEST SIRACUSA, AT THE TIME OF CONCLUDING HIS MISSION AS AMBASSADOR OF THE UNITED STATES IN BOLIVIA, SET A NOTE TO HIS EXCELLENCY, GENERAL HUGO BANZER SUAREZ, PRESIDENT OF THE REPUBLIC, EXPRESSING THE PREOCCUPATION OF THE UNITED STATES GOVERNMENT WITH THE FISCAL AND MONETARY CRISIS WHICH BOLIVIA FACES; DESIRING THAT THE SUPREME GOVERNMENT TAKE THE NECESSARY MEASURES TO IMPROVE THAT SITUATION. IT IS THE BELIEF OF THE BOLIVIAN GOVERNMENT THAT THE REFERENCED SUPREME DECREE WILL CONTRIBUTE, IN PART, TO ALLEVIATE THE ECONOMIC PROBLEMS WHICH IT CONFRONTS AND WHICH MERIT THE PREOCCUPATION OF THE GOVERNMENT

OF THE UNITED STATES OF AMERICA.

".MOREOVER, WITH REFERENCE TO THE SCOPE OF THE MENTIONED LEGAL MEASURE, IT IS CONSIDERED IMPORTANT TO EXPRESS THAT THE MINIMUM PRICE CITED IN ARTICLE 2 OF SUPREME DECREE NUMBER 11016, IS APPLIED TO COTTON TO BE FOUND IN BOLIVIAN TERRITORY AND TO BE FOUND IN TRANSIT, AFFECTING ONLY THE SUPPLIERS BECAUSE THEY HAVE TITLE TO THE MERCHANDISE (POR TENER ESTOS CONSIGNADA LA MERCADERIA A SU NOMBRE) IN BOTH CIRCUMSTANCES.

"FINALLY, WITH REFERENCE TO THE CLAIMS OF THAT HONORABLE EMBASSY, THE MINISTRY OF EXTERNAL RELATIONS AND WORSHIP DESIRES TO MAKE IT CLEAR THAT THE NATURE OF THE PROBLEMS THAT MAY ARISE BETWEEN SUPPLIERS AND BUYERS ARE RESOLVED WITHIN THE REACH OF PRIVATE LAW WHICH THE EXECUTIVE POWER DOES NOT MANAGE EXCEPT IN OBVIOUS CASES OF DENIAL OF JUSTICE OF WHICH DOES NOT FORM A PART THE CASE WHICH IS THE SUBJECT OF THIS NOTE. CONSEQUENTLY THE BOLIVIAN SUPPLIERS HAVE INITIATED ACTION IN ORDINARY COURT AGAINST THEIR FOREIGN BUYERS AS THE LATTER DID NOT OPEN THE CREDIT DOCUMENTS TO PURCHASE THE PRODUCT ON TIME. (COMPLIMENTARY CLOSE)."

3. EMBASSY PLANS GIVE APPROPRIATE REPLY TO GOB NOTE, DRAWING IN PART UPON INFO CONTAINED PARA 2 REFTTEL,BUT WOULD APPRECIATE ANY GUIDANCE DEPARTMENT MIGHT HAVE IN THIS REGARD.
STEDMAN

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